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ARIZONA CORPORATION COMMISSION

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January 11, 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

CERTIFIED MAIL

Joshua Valley Utility Company
Attn: Mr. John D. Ratliff
5219 North Casa Blanca Drive #550
Paradise Valley, Arizona 85253

RE: JOSHUA VALLEY UTILITY COMPANY – APPLICATION FOR A RATE
INCREASE DOCKET NO. W-02023A-09-0555

LETTER OF INSUFFICIENCY

Dear Mr. Ratliff:

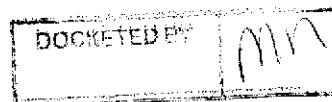
This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on December 11, 2009; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket control receives the original and 15 copies of the corrected pages.

You have 15 calendar days, or until January 26, 2010, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request that the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file original and 15 copies of an updated application at a later date.

Arizona Corporation Commission

DOCKETED

JAN 11 2010



Letter of Insufficiency
January 11, 2010
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The Staff person assigned to your application is Gary T. McMurry. He can be reached at (602) 542-2044, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Scott".

Nancy L. Scott, Esq.
Chief, Financial & Regulatory Analysis Section
Utilities Division

NS:GTM:kdh

CC: Docket Control Center (thirteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

DEFICIENCY LIST
JOSHUA VALLEY UTILITY COMPANY
W-02023A-09-0555

Staff Deficiencies

1. Bill count (p. 31) does not reconcile to income statement revenue (\$322,669).
2. Billing determinants must be segregated by meter size (i.e. 5/8 x 3/4", 3/4", 1", etc.)
3. Bill count should include exact gallons for amounts > 100,000.
4. Bill count gallonage ranges (i.e. 1,001 – 2,000) should not be combined.
5. Bill count should include bulk sales.
6. Application for "C" sized company must include Appendix Schedules A-H unless a waiver is obtained, as required by AZ Administrative Code R-14-2-103 (B).
7. Balance sheet's total assets (p. 21) should balance to total liabilities & capital (p. 22).
8. Application headings for pages 14, 15 & 21 indicate a test year of 12/31/09.
9. Plant summary (p.14) column A does not foot correctly (s/b \$1,873,006).
10. Plant summary (p. 14) column A should reconcile with the prior Staff Report.
11. Plant summary (p. 14 column D) does not equal Utility Plant in Service (p. 15 column A).
12. Meter deposits (p. 23) does not equal AIAC (acct 252) on p. 22
13. Income statement (p. 19) should include prior year's income and expenses (2007), not year 2000.
14. Income statement (p. 19) indicates no other revenue (i.e. late charges, NSF fees, establishment charges, etc.).
15. Depreciation rates provided on the application's p. 20 do not agree with those approved in the prior rate case (ACC Decision No. 64000).
16. Application (p. 9) does not include tariff for stand pipe.
17. Application (p. 6) states Company is not current on either property taxes or sales tax. Income statement indicates both property and taxes other than income expensed in the test year.
18. Application (p.6) states Company does not have a backflow tariff.
19. Application (p. 13) does not disclose plant additions and retirements for all years since the prior rate case (i.e. 2001 – 2006).
20. Plant additions (p. 13) do not reconcile to Plant Summary total additions (P. 14 column B).

Engineering Issues:

1. Please provide the utility's most recent ADEQ compliance status report.
2. Referring to submitted invoices for Water Testing during the Test Year:
Please provide a cost/sample breakdown of this expense based on all tests required by ADEQ for Distribution System Monitoring, including Total coliform and Lead & Copper:
 - a. Monitoring cycle (monthly, quarterly, annually, per three-year, etc.);
 - b. Number of tests per monitoring cycle;
 - c. Cost per test.
3. Referring to Application, Water Use Data (page 18):
Please state if the Number of Customers data includes a stand pipe meter.

DEFICIENCY LIST
JOSHUA VALLEY UTILITY COMPANY
W-02023A-09-0555

4. Referring to Application, Water Company Plant Description (page 16):
 - a. Please verify Wells Pump Yield data.
 - b. If an additional well was equipped since the last rate case, please identify this well by ADWR ID Number and state when it was put in service.